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Creative industries

Abstract

This journal welcomes contributions exploring the intrinsic features of the field of creative industries and activities of entrepreneurs who use creativity as the basis of their work; analyses of literature concerning evolutionary developments in companies and their adaptations linked to the management of creativity; and, finally, reviews of books in cutting-edge research on the evolution of the creative enterprise.

Keywords: Creativity; Knowledge; Creative Disruption; Project Ecology; Network.

The organic changes taking place in forms of production and business management respond to new perceptions around the needs of different actors participating in the market (Castells 2001). The 20th century has witnessed major alterations in the international context: successive globalizing waves have transformed the internal relations of production as well as patterns of consumption, distribution, supply... Internationalization and economic, social, and cultural interdependence, together with the increase in flows of capital, people, raw materials, etc., shape a new environment which companies must adapt to (Amin and Cohendet 1999; Pitelis et al. 2006).

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The Lamarckian principles of adaptation refer to the intrinsic tendencies of organisms to improve themselves by developing new characteristics that allow them better adapt to their surrounding environment. Thus, in the case of the social sciences and economics, in particular, the managerial view of businesses responds to an evolutionary process of adaptation in which disruptive innovation acts essentially as a driving force for change and development (Schumpeter 1942). According to these arguments, the essence of change is found in the creative destruction of products and processes enabling restructuring and adaptation to contextual macroeconomic change both in the short- and the long-term. There is no doubt that in periods of economic recession, disruptive tension and permanent innovation bring about advances in general dynamics and, at the same time, a revolution in the microeconomic business fabric, giving rise to new corporate metabolisms.

While there are many productive sectors that demonstrate transformations of this kind, creative activities present less resistance to change, a higher propensity for creative destruction, and greater adaptability to the demands of the new international context (Potts 2011). The technological revolution and improvements in connectivity and infrastructure present a new challenge for companies in the 21st century: comparative advantage has ceased to depend solely on keeping costs to a minimum, giving way to new alternative formulas in enterprise creation and to radically innovative organizational models in business management. Digitalization and the non-standardization of the relations of production have contributed decisively to this: they are the tools that will give rise to a new division of labour that breaks with traditional class structures, determining novel but far-reaching transformations in the business world.

The use of ‘creativity’ as an innovative element in academic studies related to economics, business, or sociology, where the ‘creative class’, the ‘creative industries’, or ‘creative cities’

act as leitmotifs in a more and more substantial body of literature, finds its antecedents in other more classical approaches such as the role of ‘bohemians’, Marshallian nodes, industrial districts, or regional innovation systems. In fact, creativity as such has led to different paradigm shifts in productive relations and in the generation of innovation over the course of history. As argued by Fonseca (2008), the peculiarity of current change is related to the degree of novelty and the complex participation and importance of context, formed by the convergence of technologies, globalization, and growing concern around the unsustainable nature of the international scenario: ‘The novelty is actually found in the acknowledgement that the context (...) gives creativity the responsibility of motivating and founding new business models, organizational processes, and an institutional architecture that stimulates economic and social sectors and agents’ (Fonseca 2008, 24). Regardless of the approach used in the study of creativity, whether it is interpreted as a psychological characteristic, a certain type of behaviour, or a cognitive process, many researchers on creativity agree that it should be studied within its social context, understood as the result of different processes of interaction (Csikszentmihalyi 1988; Amabile 1996; Sternberg and Lubart 1991, among others).

The knowledge economy that dominated the productive scene in the second half of the last century, with more and more knowledge-intensive industries and sectors, has continued its transformation towards what many call the ‘creative economy’. The strategic resources of the new creative economy are concentrated mainly in talent and human capital: the creative economy does not do without knowledge as an essential input, but does include creative ‘genius’, both individual and collective, in the production of innovation in different spheres. The delimitation of what is understood by creative economy involves, firstly, product analysis, where the qualifications of the worker, their talent, their skills, the singularity of the

product, and changes in competition based on the creativity accumulated by the final product ('added creativity') define new supply tendencies. Secondly, it involves the complex analysis of new emerging forms of organization in productive and business activity precisely within these sectors where creativity serves as a connection between initially disparate activities. As defined by Scott (2006), the creative economy is framed within a new cognitive cultural capitalist model in which technology, the scientific/technical intensity of work, symbolic output, and the 'aestheticization of commodities', among other elements, come to shape a new relational framework between agents.

Before moving on to the issues that will be considered relevant in this thematic field, it is worth commenting on the definition of the creative industries. Many international organizations (UNCTAD¹, UNESCO²) and academics (Caves 2002; Hartley 2005; Markusen et al. 2008; and Florida 2002 among others) have contributed to a typology of the characteristics that define the creative industries. Without entering into discussions around the incorporation or not of cultural industries under the same rubric, the definition used by the majority coincides in distinguishing between the creative industries as those based on individual creativity, skills, and talent, and the potential for wealth and job creation through the development of intellectual property.

The United Kingdom has been a leader in recognizing the creative industries at the heart of the creative economy through the development of ad hoc studies, statistical identification in terms of the creation of employment and productivity, the territorial mapping of these activities, and the creation of the pioneering agency NESTA³. Many of the studies that consider the creative industries follow this model. However, currently, the creative industries

¹ Creative Economy Report 2010

² Creative Economy Report, Special Edition 2013

³ <http://www.nesta.org.uk/library/documents/A-Manifesto-for-the-Creative-Economy-April13.pdf>

have a relevant function both in developed economies and in those that are undergoing growth and development. Their contribution is associated with processes that go beyond the analysis of businesses and interweave with parallel processes such as urban revitalization, the emergence of new spaces for creation, and the stimulation of other traditional sectors.

Beyond the arbitrariness of the selection of sectors on the basis of national accounts or other criteria of statistical representativeness, the Journal of Evolutionary Business will approach the creative industries on the basis of the characterization of their activities. It is often the case that quantitative research requires strict definitions of the sectors considered. However, here, we strongly commit to a broad vision of creativity, both qualitatively and quantitatively, applied to different businesses in terms of its contribution to process innovation and to product innovation.

The rise of industries that use creativity as an essential production input and as a mechanism for adaptation to the changing environment represent the central theme of all of the articles published in this section. With regard to the generalized transformation of the circumstances that affect companies on a global scale, the aim is to show how certain sectors and activities respond to the challenge of this transformation. The ‘aestheticization’ of consumption, the importance of new technologies, new forms of governance in these sectors, the values and functions of the creative entrepreneur, and new business models particular to these activities will be, among others, some of the key features to be taken into account in this publication.

One of the aspects generalized across the creative industries is the small size of the companies. For example, creative companies in Europe are especially small, with those with 3 workers or less representing approximately 60 per cent on average (UNESCO 2013). As indicated by the Utrecht School of Arts-KHU (2011) in its study on entrepreneurship and the creative industries, the entrepreneurial character of the workers in creative industries is a

differentiating feature in relation to other sectors or activities that explains, in part, their small size. This feature decisively influences the growth patterns of these industries since they are limited by their size both in terms of investment in infrastructure and their ability to take on projects of a certain scale.

The small size of creative companies and the inevitably high risks involved in creative endeavours that move beyond normal criteria for evaluating the viability of business activities represent an additional difficulty for these companies when it comes to accessing resources. This has given rise to the proliferation of new models for acquiring resources that are very common among these types of activities, such as, for example, crowdfunding or online investment opportunity platforms, revealing a set of formulas based on the possibilities offered by new technologies in matters of interconnection and access. These channels are in themselves financial product innovations that require compensation that is not necessarily based on financial returns.

The conception and attributes of the 'industry' as such do not fit with the cultural and creative sectors (Horkheimer and Adorno 1976). How does competitiveness work in these sectors? Specialization and, consequently, knowledge exchange are common elements in industries that use creativity as a main input for the production of value. In this regard, instead of focusing on the value chain, the 'projectification' of production characterizes the creative sectors, enabling the reuse, to a certain extent, of the knowledge acquired in a specific project in other possible subsequent projects (Grabher 2002). Beyond the consideration of their size, this fact has a direct impact on the organizational formulas of the companies, giving way to systems based on the 'projectification' of outputs.

The importance of networks is crucial in the creative industries since to a large extent project development is firmly based on participation and recognition in explicit and tacit, formal and

informal networks. The lineal value chain of activities based in more traditional sectors is replaced by a tapestry of contacts that are relatively stable during the time it takes to carry out a certain project, but with no guarantees of continuity once the project in question has been completed. Knowledge exchange and the search for complementarities between agents become essential elements for the articulation of many business model proposals.

For this system to work, the networks that workers in creative industries establish among themselves should be enhanced to generate specific ‘project ecologies’ (Grabher 2002). The contextualization of each business plan in the creative scene responds to the articulation of mechanisms that allow for the survival of an amalgam of latent relationships that are concretized in specific projects. The role of territory (whether it is a city or a district) facilitates or impedes the proliferation of connections between different local agents working in creative activities. In fact, territory transforms and adapts constantly to new paradigms, acting simultaneously as cause and effect for their articulation (Scott and Storper 2003).

The idea of the ‘project ecology’ is understood as the practice of temporary and episodic collaboration based on a complex fabric of links and institutions. Networks are, therefore, the basis of the articulation and success of project ecologies, where the context and the setting acquire their most important meaning as active scenes for temporary collaboration. Multiple personal, professional, and organizational networks are the basis for the interaction between the different actors that participate in a project. Project ecologies not only represent a particular set of organizations and institutions linked temporarily together for the completion of a specific task. The notion of project ecologies also refers to a set of organizational logics, individual identities, values, and loyalties (Grabher 2004). Experience, reputation, and legitimation become key ingredients for the development of interrelations based on projects. There are agreements, conflicts, and tensions among and between the practices of different

networks. The magnitude of these difficulties will determine the success or failure of the project ecology: ‘Who you know matters almost as much as what you know’ (Christopherson 2002, 2008).

The multiplicity of meeting spaces, virtual or physical, temporary or permanent, enables the configuration of genuine spaces for creation. This is where knowledge exchange takes place, collaborations are generated, and traditional business models are reconsidered (Spinuzzi 2012). One feature that characterizes the activity of the creative industries is the use of innovative spatial forms, from co-working spaces to online platforms and permanent computer-based interaction. New physical production models give rise to novel research exploring in detail both the legal nature of these spaces (public or private), their temporality (permanent or ephemeral), or the typology of interactions generated between the different users. Often, the creation of professional communities is associated with these types of spaces where freelance workers, entrepreneurs, or very small enterprises resolve longstanding problems of establishment in a region or territory (Adler and Heckscher 2007). Moreover, the proliferation of the creative industries has given rise to the emergence of a new model of managed workspaces in creative activities, which are especially relevant in the embryonic stages of business development (Montgomery 2007).

The creative industries present changing dynamics with the introduction of novelties across different spheres both in terms of the products they offer and the production of those products. The importance of soft innovation (Stoneman 2010) in creative activities goes beyond technological or scientific innovation; we are referring here to activities associated with product innovation and differentiation. As mentioned above, symbolism in the production of goods and the aestheticization of consumer products represent challenges in the context of the creative economy. Most soft innovation is not included categorically in profit and loss

accounts, but, without doubt, intangible elements acquire economic value and are one of the most important assets in the creative industries.

Additionally, hybrid forms of innovation flourish in the creative industries given the blurred boundary between productive and consumption activities. The strict differentiation between the consumer and the producer or between the supplier and the client disappears, giving way to unexpected relations that alter depending on the place or the time. The democratization of technology as a basic input promotes and stimulates this type of innovation in the forms of relationships between agents. The business models that emerge from this transformation in productive relations take this change and incorporate it into new company definitions. Additionally, these models take on the challenge of incorporating the active participation of other agents, beyond those of the company itself. Some of these models can be seen in specific examples of co-creation, developing agreements between collaborative partners in the production of process innovation (den Hertog 2000) or product innovation, and even through user-generated content.

The context of prosperity and growth that took a turn for the worse in 2008 has unequivocal consequences for workers in general and creative workers in particular: multiple jobs, precarious labour, and below-market salaries also have an impact in the world of activities focused on the stimulation and development of creativity. There are several authors that have geared their research towards this field (Banks and Deuze 2009; Gill and Pratt 2008; and Ross 2009, among others), debunking the concept of the creative class 'à la Florida', providing empirical evidence from different creative sectors or activities that shows the relative insecurity and/or instability of the workers, counterbalanced with new forms of relationships between workers which have more in common with the collaborative economy than competition in the strict sense. Also surprising is the overlap that exists between the private

and professional lives of creative workers, brought about, among other things, by the passion they share for their work, and serving at the same time as a way to overcome isolation and satisfy the need to seek alliances. Hence the importance of bottom-up initiatives in a predominantly informal context involving innovative formulas of collaborative work that are strongly determined by the socio-economic context in which they are produced. Some authors (Maliszewski 2004; Peck 2005; Musterd and Murie 2010) juxtapose this vision of the world of creative workers to Florida's (2002) own presentation of the new lifestyle of the creative class. Particular emphasis is placed on the notion of 'makers' (creative entrepreneurs that are the basis of the new 21st-century industry), which reflects the importance placed on the figure of the artist, the creator, and the implementation of the authentic values of the entrepreneur and their creative genius (Banks 2010).

From this thematic field of the *Journal of Evolutionary Studies in Business*, we invite contributions that fully or partially coincide with the elements discussed here, including: papers exploring in detail some of the intrinsic features of creative industries and activities or of entrepreneurs who use creativity as the basis of their work; analyses of literature concerning evolutionary developments in companies and their adaptations and innovations linked to the management of creativity; and, finally, reviews of books in cutting-edge research on the evolution of the creative enterprise.

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